

Message Text

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64/70

ACTION ARA-10

INFO OCT-01 ISO-00 INT-05 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 H-02 L-02 FEA-01 INRE-00 NSCE-00 SSO-00 /082 W

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O R 141930Z APR 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC IMMEDIATE 5155

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 2504

C O R R E C T E D C O P Y - MRN CORRECTION - 2504 VICE 7047

E.O. 11652: GDS

TAGS: EINV ENRG EC

SUBJECT: ADA CASE

REF: STATE 076535

1. EMBASSY APPRECIATES REPORT CONTAINED REFTEL. LOCAL ADA REPS CONTINUE TO ABIDE BY ADA HOUSTON INSTRUCTIONS NOT TO DEAL WITH USG (QUITO 8830).

2. IT IS NOT ENTIRELY CLEAR FROM REFTEL BUT IT APPEARS THAT ADA MAY, SINCE THE LAST CONTACT WITH THE USG IN DECEMBER, HAVE VEERED AWAY FROM FACE-TO-FACE DEALINGS WITH THE GOE COMMISSION AND SUBCOMMISSIONS SET UP FOR THE PURPOSE OF DECIDING COMPENSATION. IN EMBASSY VIEW, THE GOE MECHANISM REPRESENTS THE EQUIVALENT OF LOCAL LEGAL REMEDIES AVAILABLE TO THE US BUSINESS DISPUTANT. IF ADA NEGLECTS THIS MECHANISM AND CHOSE INSTEAD TO DEAL WITH GOE BY PEREMPTORY LETTERS INSISTING ON GOE ACKNOWLEDGMENT OF THE CONTINUING VALIDITY OF ITS CANCELLED CONTRACT AND CLAIMING (AS INDICATED REFTEL) RIGHTS TO FUTURE GAS OUTPUT, THIS MAY ASSURE AN UNFAVORABLE FINAL OUT-
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COME IN THE GOE'S DELIBERATIONS ON COMPENSATION.

3. RE STATUS OF LEGAL SUBCOMMISSION, WE HAVE PERHAPS NOT CONVEYED FULLY TO DEPARTMENT THE POINT THAT AUDIT AND LEGAL SUBCOMMISSIONS ARE INFORMALLY CONSTITUTED ENTITIES SET UP TO MEET AD HOC. FORMER MINNATRES JARRIN, AS CHAIRMAN OF THE HIGH LEVEL COMMISSIONS ESTABLISHED BY THE CABINET, SUGGESTED TO ADA IN SEPTEMBER 1974 THAT THERE BE SUBCOMMISSIONS WHICH WOULD WORK UP AUDIT AND LEGAL MATTERS FOR THE FULL COMMISSION. BOTH SIDES WOULD BE REPRESENTED BY PERSONS OF THEIR CHOICE; NO NUMBERS WERE FIXED. JARRIN DESIGNATED HIS REPS BY LETTER BUT HE COULD HAVE NAMED MINISTRY REPS ORALLY. THE INITIATIVE FOR REQUESTING MEETINGS LAY WITH ADA. THE AUDIT COMMISSION FUNCTIONED VERY SMOOTHLY ON THIS BASIS. ADA WAS NOT READY TO ASK FOR A LEGAL SUBCOMMITTEE MEETING BEFORE JARRIN AND ADVISER ARAUZ, ONE OF THE TWO GOE MEMBERS OF THE LEGAL SUBCOMMISSION, LEFT OFFICE IN LATE OCTOBER. PRESENT MINISTER SALAZAR IS NOT COMPELLED TO NAME ANY REPLACEMENT, AND CERTAINLY NOT TO NAME ONE BY A FORMAL ACTION. THE RELEVANT QUESTION IS WHETHER ADA HAS EVER SOUGHT FROM THE MINISTER A PROMPT MEETING OF LEGAL SUBCOMMISSION (OR THE FULL COMMISSION) AND BEEN DENIED.

4. IT HAS ALWAYS SEEMED TO US THAT ADA'S BEST CHANCES FOR MONETARY COMPENSATION LAY IN DIRECT DEALINGS THROUGH THE MECHANISM THE GOE CABINET SET UP IN AUGUST 1974. PREFERABLY THESE DEALINGS SHOULD HAVE PRECEDED GOE-NORTHWEST PIPELINE NEGOTIATIONS SINCE NWP IS THE PARTY OBLIGATED TO PAY THE GOE X-DOLLARS FOR PRIOR USEFUL INVESTMENTS IN BLOCK 11 IN THE GULF. THERE REMAINS LITTLE TIME FOR ADA TO CONDUCT PARALLEL DEALINGS WITH THE COMMISSION/SUBCOMMISSIONS BEFORE THE GOE AND NWP SETTLE THE TERMS OF THEIR CONTRACT.
HEMENWAY

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